POSCO'S MoU with Orissa

641. SHRI B.K. HARIPRASAD: Will the Minister of STEEL be pleased to state:

(a) whether POSCO of South Korea has signed a Memorandum of Understanding with the Government of Orissa for setting up a 12 million ton steel plant with a capital outlay of more than Rs. 52,000 crores;

(b) whether the details of the MoU has been made public and if so, whether POSCO will be allowed to export high grade iron-ore against import of low grade iron-ore; and

(c) how soon the final Memorandum of Agreement is likely to be signed between POSCO and the Government of Orissa?

THE MINISTER OF STEEL (SHRI RAM VILAS PASWAN): (a) Yes, Sir. POSCO of South Korea has signed a Memorandum of Understanding with the Government of Orissa on 22.06.2005 for setting up a 12 million tonne steel plant with a proposed investment of around $ 12 billion.

(b) Yes, Sir. As per the MoU, the Company may swap certain quantities (not exceeding 30% of the total annual requirement for the Paradeep Plant) of such domestic iron ore which has high alumina content with an equal quantity of imported low alumina content iron ore of equivalent or better Fe content for blending, in order to produce better quality steel in the Paradeep Project and thereby conserve energy. Any export of iron ore by way of swap will be allowed only after an equivalent quantity of ore has been imported for the plant. The extent of the above quantity of iron ore by way of replacement through import of higher grade iron ore will be within the framework of the Export-Import Policy of the Government of India applicable from time to time.

(c) As per the MoU, POSCO will establish an Indian Company. The agreement will be signed between the Government of Orissa and POSCO along the lines of the MoU within 6 months from the date of formulation of the Indian Company.